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CLASS C - WATER COMPANIES

ANNUAL REPORT

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WASH. UT. & TP. COMM

W805
Gerald L. Manuel
President
Southgate Water Company
2324 Wainwright Drive
Walla Walla, WA 99362

ENTERED IN COMPUTER

APR 16 2008

Correct name and address, if different than shown

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
for the
YEAR ENDED DECEMBER 31, 2007

Inquiries concerning this Annual Report should be addressed to:

NAME: Robert E. Marple TITLE: CPA
ADDRESS: 100 N. Fruitland St., Suite C
CITY: Kennewick STATE: WA ZIP: 99336
TELEPHONE: (509) 586-4194 FAX: (509) 582-5091 E-MAIL: rem@marplecpa.com

The company must notify the Commission, in writing, of any changes to the above information.

TYPE OF PAYMENT - DO NOT SEND CASH IN THE MAIL

☒ Check ☐ Money Order ☐ AMEX ☐ Visa ☐ MasterCard

For Commission Use Only

Credit Card Authorization #: _____

Credit Card Number:

Expiration Date
Month/Year

CERTIFICATION: I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the applicant, and that I agree to pay the above total amount according to card issuer agreement.

Name (Printed) Gerald L. Manuel

Title President

Signature

Date

7-11-08

For Commission Use Only

Reception Number:

0007532

001-11-02-68-160-11:

Reference Number:

AL2007

001-111-02-68-160-01:

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Original to be mailed to the Washington Utilities and Transportation Commission

Web Site: www.wutc.wa.gov

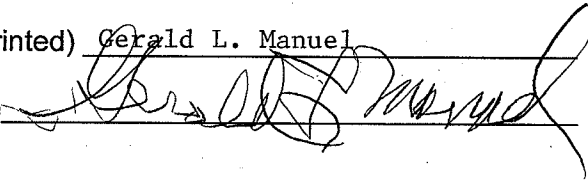
Do not remove, rearrange or deface
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contact the Records Center Staff
at 4-1234.

Washington Unified Business Identifier (UBI) No.: 601-073-651
(If you do not know your UBI No. please contact the Department of Licensing at 360-664-1400)

CERTIFICATION

I certify that I, Gerald L. Manuel, the responsible account officer for Southgate Water Systems, Inc. have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2007, to December 31, 2007, inclusive.

Name (Printed) Gerald L. Manuel Title President

Signature  Date 4-1-08

***ANNUAL REPORT
WATER UTILITY
2007***

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TOC

Line
No.

COMPANY INFORMATION

1 Southgate Water Systems, Inc.

(Exact name of utility)

2 2324 Wainwright Place

(Mailing Address)

3 Walla Walla

WA

99362

Walla Walla

(City)

(State)

(Zip)

(County)

4 601-073-651

5 'Unified Business Identifier' (UBI) Number Telephone Number (509) 525-7301

Fax Number (509) 582-5091

7 E-mail or Web Address

8 Date Utility First Organized July 18, 1983

9 Location of Books and Records Walla Walla, WA

11 Method Of Accounting (Cash/Accrual) Cash

12 Type of Business (Proprietorship, Partnership, C-Corp, LLC, S-Corp) S-Corp.

Name	Title	Principal Business Address	Telephone
Person to send correspondence:			
13 Robert E. Marple	CPA	100 N. Fruitland St. Ste C	(509) 586-4194
14		Kennewick, WA 99336	

Person who prepared this report:

15 Robert E. Marple

16 Certified Water Manager: Certificate Number:

17 N/A

Emergency Response Personnel:

18 Gary Hall

Managers, Officers & Directors:

20 Gerald L. Manuel

21 Report of person(s) owning 5 percent or more of company.

Name	Ownership Percent	Principal Business Address	Telephone
22 Gerald L. Manuel	100%	2324 Wainwright Place	(509) 525-7301
		Walla Walla, WA 99362	

Does the company have any affiliated interest transactions as defined above (person(s) owning 5 percent or more)

23 X No, Please sign this page and no further action is required.

24 Yes, Please sign this page and request an Affiliated Interest Report.

Gerald L. Manuel makes oath and says

(Name of officer)

that he/she is President

(Official title of officer)

of Southgate Water Systems, Inc.

(Exact legal title or name of company)

that he/she has examined the foregoing annual report water utility and affiliated interest report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the report are true and the report is a correct statement during the period from and including January 1, 2007, to and including December 31, 2007.

(Signature of officer)

Date

INCOME STATEMENT
For the Calendar Year 2007

Line No. (L)	Account Name (a)	Water (b)	Other (c)	Total Company (d)
REVENUES				
1	Operating Revenue Accounts	\$ 39,227	\$	\$ 39,227
2	Miscellaneous Revenue Accounts			
3	Other Revenue Accounts	10,985		10,985
4	Utility Operating Revenue (Add L1 thru L3)	\$ 50,212	\$	\$ 50,212
EXPENSES				
5	Operating Expense Accounts	54,826		54,826
6	Depreciation Expense	22,481		22,481
7	Federal Income Taxes			
8	Utility Operating Expense (Add L5 thru L7)	\$ 77,307	\$	\$ 77,307
9	Utility Operating Income (Loss) (L4 minus L8)	\$ (27,095)	\$	\$ (27,095)
OTHER INCOME AND DEDUCTIONS				
Other Income:				
10	Interest & Dividend Income	\$ 95	\$	\$ 95
11	Miscellaneous Nonutility Income			
12	Total Other Income (Add L10 thru L11)	\$ 95	\$	\$ 95
Other Deductions:				
13	Interest Expense	\$ 0	\$	\$ 0
14	Miscellaneous Nonutility Expenses	0		0
15	Total Other Deductions (Add L13 thru L14)	\$ 0	\$	\$ 0
16	Net Income (Loss) (Add L9 plus L12 minus L15)	\$ (27,000)	\$	\$ (27,000)

CUSTOMER COUNT SUMMARY

Description (a)	Number at Begin Year (b)	New Services (c)	Number at End Year (d)	Temporary (e)
17 Total Unmetered				
18 Total Metered	47	7	54	
19 Total Master Metered	47	7	54	
20 Total Customers				

COMPARATIVE BALANCE SHEET

For the Calendar Year 2006 & 2007

Line No. (L)	Account Name (a)	Year 2006 (b)	Year 2007 (c)
ASSETS:			
1	Utility Plant	\$ 590,525	\$ 614,297
2	Less: Accumulated Depreciation	<u>379,426</u>	<u>401,907</u>
3	Accumulated Amortization		
4	Utility Plant Acquisition Adjustment		
5	Net Utility Plant (Add L1 thru L4)	\$ 211,099	\$ 212,390
6	Special funds (Surcharges, Facility Charges)	\$	
7	Cash	<u>7,532</u>	<u>5,313</u>
8	Customer Accounts Receivable		
9	Other Assets (Specify)		
10	Total Assets (Add L5, plus L6 thru L9)	\$ 218,631	\$ 217,703
EQUITY CAPITAL AND LIABILITIES:			
11	Capital Stock Issued	\$ 90,809	\$ 90,809
12	Other Paid In Capital		
13	Retained Earnings	<u>(485,290)</u>	<u>(512,290)</u>
14	Proprietary Capital		
15	Total Equity Capital (Add L11 thru L14)	\$ (394,481)	\$ (421,481)
Interest Rate			
16	Long-Term Debt	\$ 613,112	\$ 639,184
17	Accounts Payable		
18	Current Debt		
19	Contributions In Aid Of Construction (CIAC)		
20	Less: Accumulated Amortization Of CIAC		
21	Other Liabilities (Specify)	\$	\$
22	Total Liabilities (Add L16 thru L21)	\$ 613,112	\$ 639,184
23	Total Equity Capital and Liabilities (Add L15 & L22)	\$ 218,631	\$ 217,703

WATER SUMMARY

	Annual Water	Cubic Feet
24	Purchased or Ground Water	<u>2,475,107</u>
25	Loss or Wastage	<u>311,785</u>
26	Sold to Customers	<u>2,163,322</u>

EMPLOYEE SUMMARY

	Year 2006	Year 2007
	<u>0</u>	<u>0</u>
	Full Time Count	Full Time Count
	<u>0</u>	<u>0</u>
	Part Time Count	Part Time Count

CONVERSION: 1 cubic foot = 7.48 gallons

**Contributions in Aid of Construction
(CIAC)**

Report below all plant, equipment, and monies received during the year.

Please report for each type of charge the company has.

If needed, use additional sheets.

Line

No.

(a)

(b)

(c)

(d)

Surcharge

1 Docket Number

2 Date Authorized

3 Date Expires

4 Current Year Collected \$

5 Current Year Collection Amount \$

Monthly Rate

\$

Loan Amount

\$

Remaining Loan

\$

Facilities Charge

6 Docket Number

7 Date Authorized

8 Date Expires

9 Current Year Collected \$

10 Current Year Collection Amount \$

Rate

\$

Loan Amount

\$

Remaining Loan

\$

Service Connection

11 Docket Number

12 Date Authorized

13 Date Expires

14 Current Year Collected \$

15 Current Year Collection Amount \$

Rate

\$

Loan Amount

\$

Remaining Loan

\$

16 Other Current Year Collection Amounts \$

Annual Total CIAC Collected

17

(Add L5 , L10, L15 & L16) \$

REGULATORY FEE CALCULATION SCHEDULE

Company Name Southgate Water System, Inc. Annual Report Year 2007

In accordance with RCW 80.24.010 "Regulatory Fees", the Commission requires Water companies (Class C) to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a statement under oath showing its gross intrastate operating revenue from operations for the preceding year and pay to the Commission a fee as instructed below.

1	Total Gross Intrastate Operating Revenue **	1	\$ 50,212
2	Less Non Fee-Paying Revenue	2	\$
3	Balance-Adjusted Gross Intrastate Operating Revenue (subtract line 2 from 1)	3	\$ 50,212
4	Regulatory Fee Calculations:	4	
4a	If line 3 is UNDER \$20,000, Enter ZERO (Filing ZERO indicates schedule is complete).	4a	\$
4b	If line 3 is BETWEEN \$20,000 and \$50,000-enter amount from line 3 (Filing BETWEEN \$20,000 and \$50,000 indicates schedule is complete. If filing after May 1st go to Line 6)	4b	\$ 50,212 x .001 (.1%) = \$ 50.42
4c	If line 3 is OVER \$50,000-enter amount from line 3	4c	\$ 50,212
4d	First \$50,000 is subject to .1% regulatory fee	4d	\$ 50,000.00 x .001 (.1%) = \$ 50.00
4e	Adjustment of Gross Intrastate Operating Revenue (subtract Line 4d from 4c)	4e	\$ 212 x .002 (.2%) = \$.42
5	Total Regulatory Fees owed (enter line 4b, or add 4d and 4e)	5	\$ 50.42
		Agency Use Only: 001-111-02-68-160-01	
Complete Lines 6 through 9 if filing after May 1			
6	Penalties on Regulatory Fees filed after May 1	6	
6a	Total Penalties on Regulatory Fees owed - enter amount from line 5	6a	\$ 50.42 x .02 (2 %) = \$
7	Interest on Regulatory Fees filed after May 1	7	
7a	Amount from line 5 _____ x Number of months past May _____ x .01 (1%) =	7a	\$
8	Total Penalties and Interest owed (add lines 6a and 7a)	8	\$
		Agency Use Only: 001-111-02-68-160-11	
9	Total Regulatory, Penalty and Interest Fees Due (add lines 5 and 8)	9	\$

** Note: Gross Washington intrastate operating revenue is defined as all revenue collected for the year from rates under tariffs, and contracts on file at the Washington Utilities and Transportation Commission. The revenues subject to the Commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables or the payment of state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.